

Congress of the United States
House of Representatives
Washington, DC 20515-1409

August 21, 2020

The Honorable Jelena McWilliams
Chair
Federal Deposit Insurance Corporation
550 17th St., NW
Washington, D.C., 20429

Dear Chair McWilliams:

I am writing regarding the Federal Deposit Insurance Corporation's (FDIC) rulemaking to modernize the regulatory framework for brokered deposits.

While I appreciate your efforts to update these outdated regulations, I encourage you to consider some revisions to the proposed new rule to ensure the FDIC's regulatory regime will retain its effectiveness as the industry and consumer expectations continue to evolve.

I am particularly concerned with the new proposed "facilitating the placement of deposits" definition and the impact it will have on community banks. The rule could potentially restrict these institutions from using third parties to help them support their customers and the small businesses that fuel their local and our country's economy.

The broad language found within the proposed "facilitating" definition could restrict community banks from being able to receive and utilize valuable information from third parties, prohibit insured depository institutions from engaging outside consultants to help them optimize their deposit offerings, and restrict third-party services rendered during any stage of the bank's deposit gathering process solely to tracking and accounting activities.

The primary flaw within the current statute and the proposed "facilitation" definition is that they both focus upon the "activities of the third party" leading up to the placement of the deposit rather than on the "direct relationship established between an individual depositor and their selected bank" when a deposit is gathered. As long as the bank establishes, owns, and controls the depositor relationship, the institution should not be penalized from outsourcing ancillary activities and services provided that the financial institution retains the direct relationship with the depositor.

If the FDIC adopts the brokered deposits rule as proposed, I am concerned that it could have a negative impact on consumers, industry participants, and banks of all sizes. I believe incorporating the changes identified above into the FDIC's final brokered deposits rule will allow banks to utilize effective third parties to develop more direct relationships with more varied depositors, ensuring they have the stable deposits they need to operate their businesses in a safe and sound manner.

Be of good cheer,



Trey Hollingsworth
Member of Congress